

4APT-ARB

Mr. Arthur Williams, Director
Air Pollution Control District of Jefferson County
850 Barrett Avenue, Suite 200
Louisville, Kentucky 40204

SUBJ: EPA's Review of Proposed Title V Permit for Zeon Chemicals Incorporated

Dear Mr. Williams:

The purpose of this letter is to notify the Jefferson County Air Pollution Control District that the United States Environmental Protection Agency (EPA) formally objects to the issuance of the above referenced proposed title V operating permit for Zeon Chemicals Incorporated located in Louisville, Kentucky.

Based on our review of the proposed permit, EPA formally objects, under the authority of Section 505(b) of the Clean Air Act (the Act) and 40 C.F.R. § 70.8(c), to the issuance of the title V permit for this facility. The basis of EPA's objection is that the permit does not fully meet the periodic monitoring requirements of 40 C.F.R. § 70.6(a)(3)(i)(B), and the permit application did not contain sufficient information to establish compliance with all applicable requirements as required in 40 C.F.R. § 70.5(c)(3).

Section 505(b)(1) of the Act and 40 C.F.R. § 70.8(c) require EPA to object to the issuance of a proposed permit in writing within 45 days of receipt of the proposed permit (and all necessary supporting information) if EPA determines that it is not in compliance with the applicable requirements under the Act or 40 C.F.R. part 70. Pursuant to 40 C.F.R. § 70.8(c), a detailed explanation of the objection issues and the changes necessary to make the permit consistent with the requirements of 40 C.F.R. part 70 are provided in the enclosure to this letter. Section 70.8(c)(4) and Section 505(c) of the Act further provide that if the State fails to revise and resubmit a proposed permit within 90 days to satisfy the objection, the authority to issue or deny the permit passes to EPA and EPA will act accordingly. Because the objection issues must be fully addressed within the 90 days, we suggest that the revised permit be submitted in advance so that any outstanding issues may be addressed prior to the expiration of the 90-day period.

We are committed to working with you to resolve these issues. Please let us know if we may provide assistance to you and your staff. If you have any questions or wish to discuss this further, please contact Mr. Gregg Worley, Chief, Air Permits Section at (404) 562-9141. Should

your staff need additional information they may contact Mr. César Zapata, Kentucky Title V Contact, at (404) 562-9139, or Ms. Lynda Crum, Associate Regional Counsel, at (404) 562-9524.

Sincerely,

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Winston A. Smith
Director
Air, Pesticides & Toxics
Management Division

Enclosure

cc: William T. Simpson, Plant Manager, Zeon Chemicals Incorporated
Jesse Goldsmith, Jefferson County Air Pollution Control District

I. EPA Objection Issues

1. Periodic Monitoring, Preventive Maintenance Program Plan: The proposed permit establishes the use of a Preventive Maintenance Program (PMP) plan as periodic monitoring. The PMP plan does not satisfy the monitoring requirement of 40 CFR 70.6(a)(3)(i)(B) for the following reasons:

The PMP plan does not appear to satisfy the requirement of 40 C.F.R. § 70.6(a)(3)(i)(B), which requires that the permit includes periodic monitoring sufficient to yield reliable data from the *relevant time period* that are *representative of the source's compliance* with the permit. The "relevant time period" is generally the averaging period of the applicable requirement or is based on the run time of the EPA reference test method that would be conducted for compliance demonstrations. For example, if an applicable rule requires measurement of compliance through the average of three 1-hour test runs, the relevant time period would be 3 hours. Data is "representative of compliance" if it allows for a reasonably supportable conclusion regarding the compliance status of the emissions unit over all anticipated operating conditions during each relevant time period. The PMP plan does not require inspections to be conducted frequently enough to make this assessment.

The requirements of the PMP plan appear to be standard maintenance procedures that are normally performed on the types of equipment covered by the plan. The plan requires equipment checks to be performed at frequencies of quarterly, semiannually, and annually. However, controlled emission units should usually be scrutinized at least daily to provide adequate assurance of compliance. The basis for this position is that the potential environmental benefits of quickly identifying and correcting control device operating problems justify the cost associated with frequent monitoring. For units that do not rely upon control devices to comply with applicable standards, the likelihood of emission limit violations is a key factor that should be considered when establishing monitoring frequencies. Monitoring uncontrolled units on a daily basis may not be necessary when the likelihood of violations is low. Conversely, daily monitoring may be necessary for uncontrolled units if the likelihood of violations is high.

Since several of the emission points at the facility are equipped with control devices to control particulate matter emissions, the company may wish to use parametric monitoring to assure that emissions are adequately controlled. A parametric range that is representative of proper operation of the control equipment could be established using source data that shows a relationship between control parameter(s) and particulate matter emissions. The permit would have to specify the parametric range or the procedure used to establish the range, as well as the frequency for re-evaluating the range. Another method the company might use for monitoring particulate matter emissions is through the visual observations already required by the proposed permit. Maintaining visible emissions below certain thresholds may be shown to provide reasonable assurance of compliance with particulate matter emission limits. For units that normally operate without any visible emissions, a periodic confirmation of the lack of visible emissions would likely provide reasonable assurance that control equipment is operating properly.

and that units are complying with the particulate matter limits. For units that normally do operate with some visible emissions, periodic Method 9 testing would be necessary to provide this assurance. Another acceptable method for monitoring particulate matter emissions controlled by baghouses is the use of bag leak detection units.

2. Periodic Monitoring - One-time compliance demonstrations: The permit states that the permittee provided one-time compliance demonstrations for several emissions points. However, such demonstrations for all emissions points where the monitoring method was indicated as one-time compliance demonstration in the proposed permit were not contained in the permit application or the statement of basis. The permit application contains only general equations to estimate emissions. Pursuant to 40 C.F.R. § 70.5(c)(3)(iii), the permit application must include the emissions rate in tpy and in such terms as are necessary to establish compliance consistent with the applicable standard reference test method. In addition, 40 C.F.R. § 70.5(c)(3)(viii) requires calculations on which the emission information is based. Therefore, the permit application and permit failed to include data sufficient to assure compliance with the applicable requirements as required by 40 C.F.R. § 70.6(a)(3)(i)(B). To address this deficiency, for emissions points where the monitoring method is indicated as one-time compliance demonstration, the District needs to submit the calculations and actual emissions information showing that emission limits cannot be exceeded or establish appropriate periodic monitoring to assure compliance with the applicable requirement.

3. PSD issues: The proposed permit contains annual (tons per year) emissions limits for particulate matter designed for the facility to avoid being subject to PSD. EPA does not accept blanket tons per year emission limits for PSD avoidance because these limits are not practically enforceable. The permit needs to include operation, production or control device requirements along with short term emissions limits, to make these limits practically enforceable. Please refer to the June 13, 1989, memo from John Seitz about guidance on limiting potential to emit, specifically Section III, for the types of limitations that can be used to restrict potential to emit (http://www.epa.gov/ttn/nsr/psd1/p2_31.html). Additionally, the regulatory authority to impose such limits is not included in the permit as required in 40 C.F.R. § 70.6(a)(1)(i). The permit needs to be modified to include practically enforceable limitations and the appropriate regulatory citations for such limitations.

These annual permit limitations to avoid PSD included in the permit are for several emissions points that were installed in different years. Please explain why these emissions points did not go through PSD review or did not secure emissions limitations to avoid PSD at the time the construction permit was issued.

4. Periodic Monitoring - Opacity Monitoring: The permit requires weekly visible emission surveys with an option to scale back to monthly. Neither the permit nor the statement of basis provide adequate justification for the infrequent surveys. Please provide historical

data to support the proposed frequency and the option to reduce the testing frequency to monthly. Otherwise, daily visible emissions surveys may be necessary to assure compliance with the visible emissions limit in the permit. It may be possible to include an option to reduce observation frequency where historical data shows no visible emissions. For emissions units that normally operate without any visible emissions, a periodic confirmation of the lack of visible emissions would likely provide reasonable assurance that control equipment is operating properly and that units are complying with the particulate matter limits. For emissions units that normally do operate with some visible emissions, periodic Method 9 testing would be necessary to provide this assurance.

5. Practical Enforceability - Raw Material and Equipment use flexibility conditions: The Raw Material and Equipment use flexibility conditions appear to allow the use of chemicals and/or equipment at the facility that were not included in the facility's permit application. As currently written, these conditions are not specific enough to be enforceable as a practical matter. If the permittee desires to make changes to the processes by using other raw materials and installing new equipment, an evaluation of the regulatory implications of those changes need to be made before the changes can be implemented. Please delete these conditions from the permit as they are ambiguous and not enforceable as a practical matter.
6. Periodic Monitoring - Non-powder materials and fugitive emissions: Fugitive PM emissions can occur when handling pellets or other non-powder materials. Please add monitoring requirements for opacity for these emissions points or provide information showing that handling of pellets does not create fugitive emissions.
7. Permit Modifications - General Condition 15: This condition requires that all changes to the off-permit documents (in this case the PMP) be processed in accordance with Jefferson County Regulation 2.16, section 5. Changes to monitoring provisions must, at a minimum, be processed as minor permit modifications. A minor permit modification requires EPA's 45-day review. General Condition 15 should be changed to reflect that changes to the PMP will be required to be processed as a minor or major permit modification pursuant to Jefferson County Regulation 2.16, sections 5.5 or 5.7. Another option is to add a condition in the Additional Conditions section of the permit that requires changes to the PMP to be processed as minor or major modifications pursuant to Jefferson County Regulation 2.16, sections 5.5 or 5.7.

General Comments

1. General Comment: Please note that our opportunity for review and comment on this permit does not prevent EPA from taking enforcement action any non-compliance, including non-compliance related to issues that have not been specifically raised in these comments. After final issuance, this permit shall be reopened if EPA or the permitting

authority determines that it must be revised or revoked to assure compliance with applicable requirements.

2. PSD issues: Based on information provided in the applications and permits, it appears that Oxy Vinyls, the Zeon Company, BF Goodrich and (PolyOne Formerly The Geon Company) are one major facility for PSD purposes. Therefore, any increases or decreases in emissions must be evaluated in conjunction with any other contemporaneous increases or decreases for all these facilities.
3. General Comments, Facility-wide: This facility has a SIC Code that identifies the facility as a chemical processing facility. Therefore, the facility must include its fugitive emissions as well as process emissions when determining whether or not the facility is subject to PSD regulations and/or Non-attainment New Source Review regulations.